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COMMERCE FOR DEES, CHOPPIN, AND FONOVICH  
TOKYO ALSO FOR AID COUNSELOR AANENSON

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SUBJECT: PRT BAMYAN: MINISTER IGNITES HOPE FOR ENERGY, IRON  
PRODUCTION

¶1. (U) Summary: Minister of Mines Muhammad Ibrahim Adel concluded a week-long visit to Bamyan to explore the feasibility of a coal driven power plant and conduct a site visit to the Haji Gak iron deposit. Accompanied by a team of international and national legal and technical experts, Minister Adel spent most of his visit exploring central and northern Bamyan. At the conclusion of his trip, the Minister was optimistic about prospects for an 800 MW coal fired power plant and soliciting bids for exploitation of the Haji Gak iron deposit by December 2008.

Using Bamyan Coal to Power Kabul and Mining  
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¶2. (SBU) As a part of the Anyak Copper Mine bid and resulting contract, the Chinese firm MCC committed to building a 400 MW coal fired power plant to fuel mining operations. Minister Adel was tasked with exploring the feasibility of increasing the plant's capacity to 800 MW. The additional 400 MW would serve Kabul's energy needs and possibly iron mining operations in Haji Gak district. According to Bamyan Governor Sarabi, Kabul sees the Ministry of Mines and its power-related projects as an alternative to the Ministry of Water and Power's slow pace initiating power imports.

¶3. (SBU) While Bamyan's Kahmard district holds the best known Afghan coal deposits, the Minister conducted initial assessments of the less developed coal deposits in Yakawlang and Sayghan districts. Two Chinese power engineers accompanying the Minister estimated there are significant coal deposits in the new locations, especially in Yakawlang. The Chinese engineers also assessed that an 800 MW power plant may be viable. No testing has been done, however, to determine the BTU (British Thermal Unit) value of this coal, how well it would burn or how much energy it could produce. (Embassy Kabul Comment: Without additional field testing and/or further exploration it is not known whether Bamyan coal deposits could support an 800 MW power plant. Experts familiar with the original

400 MW plant plans estimate it would burn over 1.5 million metric tons annually. Afghanistan currently lacks the capacity to mine such a large quantity.)

#### Mining and Industry Hopes for Bamyan

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¶4. (U) In addition to the mining operation in Haji Gak, the Minister also discussed a steel factory planned for the Dasht-e-Qashka area of Bamyan. He estimated this factory and associated facilities would support thousands of jobs. In his concluding press conference, the Minister said he would solicit bids for the Haji Gak Iron Mine by December 2008. (This date depends on the Ministry's ability to prepare the necessary tender documents.)

¶5. (U) Comment: Large-scale coal and iron mining would introduce the first major industrial activity in Bamyan. The level of Chinese involvement in the Minister's assessment and MCC's successful bid for the Anyak Copper Mine, with its attendant transportation and power commitments, could advantage Chinese companies bidding on the Haji Gak deposit. Eighty-six percent of Bamyan's population subsists on agriculture; the cash brought by industrial jobs could help ease tension over land ownership and alleviate some poverty in the province, but should be carefully monitored. Such industrial activity as proposed by Minister Adel could profoundly impact Bamyan's environment and cultural heritage (Dasht-e-Qaska is located near the Red City Heritage Site).

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